

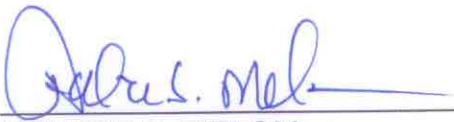
ANALYSIS

This ordinance amends Title 5 - Personnel, of the Los Angeles County

Code by:

- Increasing the minimum County contributions under both the Flexible Benefit and MegaFlex Plans; and
- Modifying the Long Term Disability ("LTD") Health Insurance Plan for Flexible Benefit Plan and MegaFlex employees to provide a "core" disability health insurance benefit at 75 percent of the premium amount and an elective benefit at 100 percent of the premium amount for designated employees disabled on or after January 1, 2007; and
- Replacing the Optional Group Term Life Insurance heretofore available to Flexible Benefit Plan and MegaFlex employees with Optional Group Variable Universal Life Insurance; and increasing the maximum coverage levels applicable to employees who purchase Group Variable Universal Life Insurance and Survivor Income Benefit coverage under the MegaFlex Plan.

RAYMOND G. FORTNER, JR.
County Counsel

By 
HALVOR S. MELOM
Principal Deputy County Counsel
Labor & Employment Division

HSM:asv

Requested: 08-30-06
Revised: 08-30-06

ORDINANCE NO. _____

An ordinance amending Title 5 - Personnel of the Los Angeles County Code, relating to the Flexible Benefit Plan and Nonpensionable Flexible Benefit Plan of Los Angeles County.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 5.27.040 is hereby amended to read as follows:

5.27.040 Contributions.

A. Nonelective Contributions. Except as otherwise provided herein, each month the County shall contribute to the Plan on behalf of each Participant an amount equal to the greater of ~~\$626.00~~ \$678.00 or 10 percent of such Participant's Compensation for the preceding month beginning the ~~2006~~ 2007 Plan Year; provided, however, that no Nonelective Contribution shall be contributed for any Participant if he has not been in a pay status for at least eight hours during the prior month. Nonelective Contributions shall be reflected in County payroll warrants issued on or about the fifteenth day of the month following the month in which the requisite pay status was completed.

. . .

SECTION 2. Section 5.27.240 is hereby amended to read as follows:

5.27.240 Contributions.

A. Nonelective Contributions.

1. Except as otherwise provided herein, each month the County shall contribute to the Plan on behalf of each Participant an amount equal to the greater of ~~\$852.00~~ \$918.00 beginning the ~~2006~~ 2007 Plan Year or the amount designated in subsection A1a or b below, whichever is applicable:

a. 14.5 percent of the Participant's Compensation for the preceding month if the Participant is a Retirement Plan A, B, C, or D Member, and has completed less than five years of continuous service as of the commencement of the current Plan Year;

...

SECTION 3. Section 5.27.450 is hereby amended to read as follows:

5.27.450 Election and benefit costs.

...

B. Elective Coverage.

1. Each Retirement Plan A, B, C, or D Member may elect LTD coverage equal to his Basic Monthly Compensation multiplied by 40 percent, or 60 percent.

2. Each Retirement Plan E Member who has less than five years of continuous service as of the commencement of the Plan Year for which he is eligible to make an election, may elect LTD coverage equal to his Basic Monthly Compensation multiplied by 40 percent, or 60 percent.

3. Each retirement Plan E Member who has five or more years of continuous service as of the commencement of the Plan Year for which he is eligible to make an election, may elect LTD coverage equal to his Basic Monthly Compensation multiplied by 60 percent.

4. LTD Health Insurance.

a. Each Eligible Employee or Participant may elect a disability health insurance benefit hereinafter referred to as "LTD Health Insurance." LTD Health Insurance shall provide health insurance coverage on a concurrent basis with the payment of benefits under Section 5.27.460. For each Eligible Employee or Participant who elects this option, LTD Health Insurance shall provide the employee with the health insurance coverage to which the Eligible Employee or Participant would otherwise be entitled if not disabled as an active employee pursuant to the rules set forth in the Election Information and shall provide a subsidy toward the payment of that coverage equal to 75 percent of the total premium cost at the time the coverage is provided. The Eligible Employees and Participants receiving this subsidy shall pay the remaining 25 percent of the premium cost. Beginning on January 1, 2005, LTD Health Insurance will be extended to the survivor ~~(including a domestic partner as defined in Section 298.5 of the California Family Code)~~ of an employee who is participating in the LTD Health Insurance protection program ~~immediately prior to death.~~ A "survivor," for this purpose, shall mean a spouse, domestic partner as defined in Section 298.5 of the California Family Code, or dependent child as defined in the Election Information; provided, however, that no person shall receive LTD Health Insurance survivor benefits under this

provision if he or she was not an eligible survivor as of the onset of disability as determined by the Claims Administrator or date of death where death occurs with no preceding claim for disability benefits by the Eligible Employee or Participant under the LTD Plan.

b. For new disabilities beginning on or after January 1, 2007, the LTD Health Insurance Benefits set forth in paragraph (a) above shall be applicable on a nonelective basis for all Participants otherwise eligible for LTD benefits. In addition, Eligible Employees and Participants may elect a 100 percent LTD Health Insurance benefit which shall provide a subsidy toward the payment of the health insurance coverage to which the Participant would otherwise be entitled as an active employee equal to 100 percent of the total premium cost at the time the coverage is provided. The Eligible Employees and Participants electing this subsidy shall pay nothing toward the premium cost at the time the health insurance is actually received. Other rules regarding LTD Health Insurance benefit eligibility shall include the following:

1. For the 2007 Plan Year and for each Plan Year thereafter, any Eligible Employee or Participant who does not elect the optional 100 percent LTD Health Insurance benefit shall be ineligible to make such election for the following Plan Year. The Eligible Employee or Participant must wait two Plan Years before again being eligible to elect this option.

2. In the event a Participant retires and becomes eligible to receive retiree health insurance from LACERA, LTD Health Insurance benefits will cease.

3. An Eligible Employee or Participant who elects to buy the 100 percent LTD Health Insurance benefit while receiving LTD benefits or while in the Waiting Period shall be limited to the 75 percent nonelective LTD Health Insurance benefit and shall not be eligible to receive the 100 percent elective LTD Health Insurance benefit with respect to that same disability until the employee returns to active employment for six months or more.

4. Such other benefit eligibility rules as may be determined necessary by the Chief Administrative Officer and set forth in the Election Information for the prudent administration of the LTD Health Insurance program.

C. Cost. Nonelective. LTD coverage shall be provided at no cost to the affected Participants. Elective LTD coverage, including elective LTD Health Insurance, shall require contributions from the affected Participants as provided for in the Election Information.

...

SECTION 4. Section 5.27.500 is hereby amended to read as follows:

5.27.500 Life insurance.

A. Retirement Plan A, B, C, or D Members.

1. Each Retirement Plan A, B, C, or D Member may elect group ~~term~~ variable universal life insurance in any of the amounts set forth in the Election Information.

B. Retirement Plan E Members.

1. Except as otherwise provided in Section 5.27.510, each Retirement Plan E Member may elect group ~~term~~ variable universal life insurance in any of the amounts set forth in the Election Information.

C. Cost. Group ~~term~~ variable universal life insurance coverage shall require contributions from the County and the affected Participants as set forth in the Election Information.

...

SECTION 5. Section 5.27.510 is hereby amended to read as follows:

5.27.510 Survivor income benefits.

...

B. Election. Each Retirement Plan E Member may elect a survivor benefit equal to:

1. 50 percent of the SIB Participant's SIB Compensation, provided that, with respect to the same Plan Year, he has not elected group ~~term~~ variable universal life insurance exceeding ~~one~~ two times annual Compensation; or

2. 25 percent of the SIB Participant's SIB Compensation, provided that, with respect to the same Plan Year, he has not elected group ~~term~~ variable universal life insurance exceeding ~~three~~ four times annual Compensation.

C. Cost. SIB Coverage shall require contributions from the County and the SIB Participants as provided for in the Election Information.

SECTION 6. Section 5.28.040 is hereby amended to read as follows:

5.28.040 Contributions.

A. Nonelective Contributions. Except as otherwise provided herein, each month the County shall contribute to the Plan on behalf of each Participant an amount equal to the greater of ~~\$626.00~~ \$678.00 or 10 percent of such Participant's Compensation for the preceding month beginning the ~~2006~~ 2007 Plan Year; provided, however, that no Nonelective Contribution shall be contributed for any Participant if he has not been in a pay status for at least eight hours during the prior month. Nonelective Contributions shall be reflected in County payroll warrants issued on or about the fifteenth day of the month following the month in which the requisite pay status was completed.

...

SECTION 7. Section 5.28.240 is hereby amended to read as follows:

5.28.240 Contributions.

A. Nonelective Contributions.

1. Except as otherwise provided herein, each month the County shall contribute to the Plan on behalf of each Participant an amount equal to the greater of ~~\$852.00~~ \$918.00 beginning the ~~2006~~ 2007 Plan Year or the amount designated in subsection A1a or b below, whichever is applicable:

a. 14.5 percent of the Participant's Compensation for the preceding month if the Participant is a Retirement Plan A, B, C, or D Member, and has completed less than five years of continuous service as of the commencement of the current Plan Year;

SECTION 8. Section 5.28.450 is hereby amended to read as follows:

5.28.450 Election and benefit costs.

...

B. Elective Coverage.

1. Each Retirement Plan A, B, C, or D Member may elect LTD coverage equal to his Basic Monthly Compensation multiplied by 40 percent, or 60 percent.

2. Each Retirement Plan E Member who has less than five years of continuous service as of the commencement of the Plan Year for which he is eligible to make an election, may elect LTD coverage equal to his Basic Monthly Compensation multiplied by 40 percent, or 60 percent.

3. Each retirement Plan E Member who has five or more years of continuous service as of the commencement of the Plan Year for which he is eligible to make an election, may elect LTD coverage equal to his Basic Monthly Compensation multiplied by 60 percent.

4. LTD Health Insurance.

a. Each Eligible Employee or Participant may elect a disability health insurance benefit hereinafter referred to as "LTD Health Insurance." LTD Health Insurance shall provide health insurance coverage on a concurrent basis with the payment of benefits under Section 5.28.460. For each Eligible Employee or Participant who elects this option, LTD Health Insurance shall provide the employee with the health insurance coverage to which the Eligible Employee or Participant would otherwise be

entitled if not disabled as an active employee pursuant to the rules set forth in the Election Information and shall provide a subsidy toward the payment of that coverage equal to 75 percent of the total premium cost at the time the coverage is provided. The Eligible Employees and Participants receiving this subsidy shall pay the remaining 25 percent of the premium cost. Effective on January 1, 2005, LTD Health Insurance will be extended to the survivor ~~(including domestic partner as defined in Section 298.5 of the California Family Code)~~ of an employee who is participating in the LTD Health Insurance protection program ~~immediately prior to death.~~ A "survivor," for this purpose, shall mean a spouse, domestic partner as defined in Section 298.5 of the California Family Code, or dependent child as defined in the Election Information; provided, however, that no person shall receive LTD Health Insurance survivor benefits under this provision if he or she was not an eligible survivor as of the onset of disability as determined by the Claims Administrator or date of death where death occurs with no preceding claim for disability benefits by the Eligible Employee or Participant under the LTD Plan.

b. For new disabilities beginning on or after January 1, 2007, the LTD Health Insurance Benefits set forth in paragraph (a) above shall be applicable on a nonelective basis for all Participants otherwise eligible for LTD benefits. In addition, Eligible Employees and Participants may elect a 100 percent LTD Health Insurance benefit which shall provide a subsidy toward the payment of the health insurance coverage to which the Participant would otherwise be entitled as an active employee equal to 100 percent of the total premium cost at the time the coverage is

provided. The Eligible Employees and Participants electing this subsidy shall pay nothing toward the premium cost at the time the health insurance is actually received. Other rules regarding LTD Health Insurance benefit eligibility shall include the following:

1. For the 2007 Plan Year and for each Plan Year thereafter, any Eligible Employee or Participant who does not elect the optional 100 percent LTD Health Insurance benefit shall be ineligible to make such election for the following Plan Year. The Eligible Employee or Participant must wait two Plan Years before again being eligible to elect this option.

2. In the event a Participant retires and becomes eligible to receive retiree health insurance from LACERA, LTD Health Insurance benefits will cease.

3. An Eligible Employee or Participant who elects to buy the 100 percent LTD Health Insurance benefit while receiving LTD benefits or while in the Waiting Period shall be limited to the 75 percent nonelective LTD Health Insurance benefit and shall not be eligible to receive the 100 percent elective LTD Health Insurance benefit with respect to that same disability until the employee returns to active employment for six months or more.

4. Such other benefit eligibility rules as may be determined necessary by the Chief Administrative Officer and set forth in the Election Information for the prudent administration of the LTD Health Insurance program.

C. Cost. Nonelective. LTD coverage shall be provided at no cost to the affected Participants. Elective LTD coverage, including elective LTD Health Insurance, shall require contributions from the affected Participants as provided for in the Election Information.

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SECTION 9. Section 5.28.500 is hereby amended to read as follows:

5.28.500 Life insurance.

A. Retirement Plan A, B, C, or D Members.

1. Each Retirement Plan A, B, C, or D Member may elect group ~~term~~ variable universal life insurance in any of the amounts set forth in the Election Information.

B. Retirement Plan E Members.

1. Except as otherwise provided in Section 5.28.510, each Retirement Plan E Member may elect group ~~term~~ variable universal life insurance in any of the amounts set forth in the Election Information.

C. Cost. Group ~~term~~ variable universal life insurance coverage shall require contributions from the County and the affected Participants as set forth in the Election Information.

SECTION 10. Section 5.28.510 is hereby amended to read as follows:

5.28.510 Survivor income benefits.

...

B. Election. Each Retirement Plan E Member may elect a survivor benefit equal to:

1. 50 percent of the SIB Participant's SIB Compensation, provided that, with respect to the same Plan Year, he has not elected group ~~term~~ variable universal life insurance exceeding ~~one~~ two times annual Compensation; or

2. 25 percent of the SIB Participant's SIB Compensation, provided that, with respect to the same Plan Year, he has not elected group ~~term~~ variable universal life insurance exceeding ~~three~~ four times annual Compensation.

C. Cost. SIB Coverage shall require contributions from the County and the SIB Participants as provided for in the Election Information.

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SECTION 11. Pursuant to Government Code Section 25123(f), this ordinance shall take effect immediately. If this ordinance becomes effective prior to December 1, 2006, the provisions of Sections 1, 2, 6, and 7 shall be construed and applied as if they were effective and operative on and after December 1, 2006. The provisions of Sections 3, 4, 5, 8, 9, 10 shall be effective and operative on and after January 1, 2007.

[520080LSCAO]